

No. 10/40/DPM

Jakarta, November 17, 2008

CIRCULAR LETTER

To

ALL SHARIA COMMERCIAL BANKS AND SHARIA DIVISIONS

Subject : Amendment to Bank Indonesia Circular Letter Number 10/16/DPM dated March 31, 2008, concerning Procedures of the Issuance of Bank Indonesia Sharia Certificate through Auction

Following the enactment of Bank Indonesia Regulation Number 10/11/PBI/2008 dated March 31, 2008, concerning Bank Indonesia Sharia Certificate (State Gazette of the Republic of Indonesia Number 50 of 2008, Supplement to the State Gazette of the Republic of Indonesia Number 4835) and in the efforts to govern the participation of Sharia Commercial Bank (BUS) originating from a change of business activities of conventional commercial bank, especially on the beginning of the change of business activities, in participating in Bank Indonesia Sharia Certificate (SBIS) auction, it is deemed necessary to amend provisions of chapter IV in Bank Indonesia Circular Letter Number 10/16/DPM dated March 31, 2008, concerning Procedures of the Issuance of Bank Indonesia Sharia Certificate through Auction to read as follows.

IV. PROVISIONS AND REQUIREMENTS OF SBIS AUCTION

1. Any BUS or UUS shall bid for SBIS to Bank Indonesia.
2. The BUS or UUS bidding for SBIS as referred to in number 1 is required to hold an FDR of no less than 80% (eighty percent) based on Bank Indonesia's calculation and is not being imposed a sanction of temporary

termination ...

- termination to participate in SBIS auction.
3. If the BUS bidding for SBIS as referred to in number 1 originates from a change of business activities of conventional commercial bank and its FDR data have not been available, the calculation of FDR as referred to in number 2 shall employ the Loan to Deposit Ratio (LDR) data of the conventional commercial bank prior to the change of business activities to BUS.
 4. SBIS auction participants comprise :
 - a. Direct participants, namely BUS, UUS, or Brokers which conduct SBIS auction transactions directly with Bank Indonesia
 - b. Indirect participants, namely BUS or UUS which bid through Brokers
 5. Any BUS or UUS may bid only for SBIS for its own behalf
 6. Any Broker is prohibited to bid for SBIS for its own behalf
 7. Bank Indonesia shall receive bids for SBIS only from direct participants and use the data of bids for SBIS entered by the direct participants
 8. The direct participants may not cancel the bids for SBIS they have entered
 9. The SBIS auction participants shall be accountable for the validity of data of bids for SBIS they have entered.
 10. Bank Indonesia shall open SBIS auction window every Wednesday with a window time from 10.00 a.m. up to 12.00 p.m. (western Indonesia standard time) or on another business day with a window time to be stipulated further by Bank Indonesia.
 11. Bank Indonesia shall conduct Fund Settlement and Securities Settlement of SBIS auction results on the same business day with the SBIS auction (same day settlement). If necessary, Bank Indonesia may stipulate the settlement date on another business day.
 12. SBIS maturity date shall be stipulated every Wednesday or the following business day if the Wednesday is a holiday. If necessary, Bank Indonesia may stipulate maturity date on another business day.
 13. Bank Indonesia shall announce the changes of :

- a. auction day and/or window time as referred to in number 10;
 - b. Fund Settlement and Securities Settlement dates as referred to in number 11; and/or
 - c. SBIS maturity date as referred to in number 12.
- through the BI-SSSS, LHBU System, and/or other facilities stipulated by Bank Indonesia.
14. Any BUS or UUS, acting either as a direct participant or an indirect participant, is required to provide funds amounting to the value of bids for SBIS it won up to the BI-RTGS System cut-off warning.

Provisions in this Bank Indonesia Circular Letter shall come into force as of November 17, 2008

For the public to be informed, it is ordered that this Bank Indonesia Circular Letter be promulgated in the Official Government Gazette of the Republic of Indonesia.

Please be informed accordingly.

BANK INDONESIA,

EDDY SULAEMAN YUSUF
DIRECTOR OF MONETARY MANAGEMENT

DPM